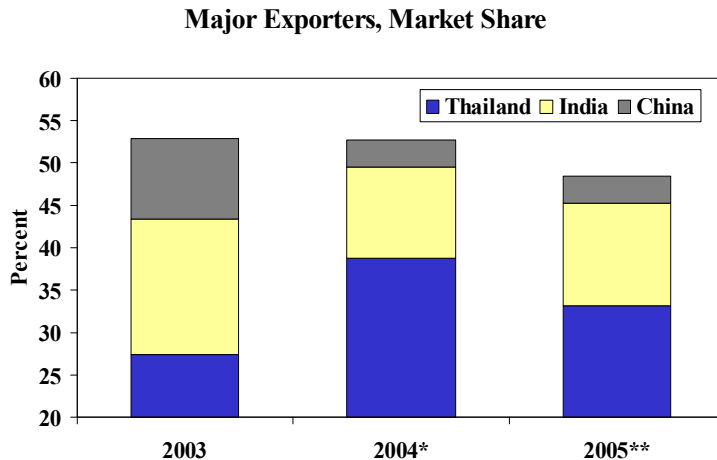

RICE: WORLD MARKETS AND TRADE

MONTHLY HIGHLIGHTS:

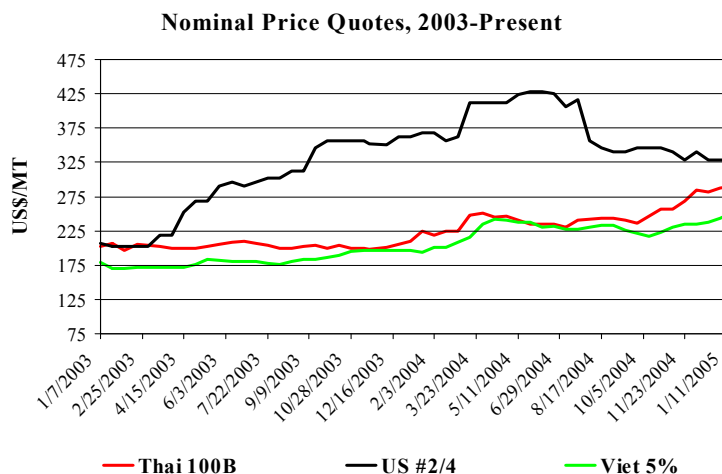
Market Share Shifts in 2005: From 2003 to 2004, the international rice market saw major market share shifts as China and India retreated from the market allowing



Thailand to supply approximately 40 percent of the global market. From 2004 to 2005, the international market is expected to again see substantial shifts in market share as relatively tight exportable supplies in Thailand and China force buyers to look for alternative suppliers, primarily India, Pakistan, and the United States.

PRICES:

International: Asian prices continue to creep upward. In Thailand, lackluster demand dampens prices while continued government intervention purchases and a stronger dollar push them higher. Thai 100B is currently quoted at \$289 per ton, FOB, up \$5 from last month. Meanwhile, in Vietnam, supplies are expected to be tight until new crop becomes available in early February. Tight supplies, plus winning the recent 320,000-ton Philippine tender, have led to higher Viet prices. Viet 5% jumped \$12 from last month to \$247 per ton, FOB. Indian quotes also continue to increase: 5% is currently quoted at \$263 per ton, FOB, up \$8 on continued appreciation of the Rupee and strong local demand. Strong prices in Asia are expected to support unsubsidized Indian exports throughout 2005.



Domestic: While Asian prices continue upward, U.S. prices seem to be looking for direction. With little fresh demand, U.S. #2/4 long grain milled rice is currently quoted at \$329 per ton, FOB, unchanged from last month. The price spread between similar qualities of U.S. and Thai rice has shrunk to \$59 per ton. However, with Viet rice prices slow to increase, the spread between similar qualities of U.S. and Viet remains more than \$80 per ton. It is this price spread that is expected to constrain U.S. exports to key Western Hemisphere markets, such as Cuba. Prices for U.S. #1/4 medium grain milled rice from California continue to be quoted at a low \$300 per ton, FOB, due to near-record supplies.

TRADE CHANGES IN 2005

Selected Exporters

- **Burma** is down 100,000 tons to 300,000 with prospects for a rebound in exports unlikely as government restrictions remain in place.
- **India** is up 500,000 tons to 3.0 million due to increased competitiveness vis-à-vis high Thai prices in parboiled markets.

Selected Importers

- **Bangladesh** is up 100,000 tons to 650,000 as undelivered 2004 purchases are shipped in 2005.
- **Iraq** is up 100,000 tons to 1.2 million due to delayed delivery of 2004 purchases.
- **Panama** is up 20,000 tons to 25,000 because of expected production losses from a Spiky Mite infiltration.

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- **Sri Lanka** is boosted 50,000 tons to 150,000 tons due to increased import needs resulting from the tsunami damage.

TRADE CHANGES IN 2004

Selected Exporters

- **Burma** is up 25,000 tons to 125,000 on increased shipments to Bangladesh and Africa.
- **China** is up 25,000 tons to 825,000 based on stronger than anticipated exports in November, particularly to Russia.
- **Egypt** is up 75,000 tons to 775,000 on unexpectedly heavy year-end shipments to the Middle East and Africa.

Selected Importers

- **Bangladesh** is down 50,000 tons to 500,000 based on weaker fourth-quarter deliveries.
- **Iraq** is reduced 50,000 tons to 1.05 million due to slow tender decisions and shipment arrivals.
- **North Korea** is dropped 100,000 tons to 500,000 based on slow delivery of food donations.
- **Nigeria** is raised 50,000 tons to 1.35 million due to heavy shipments from Thailand.
- **Saudi Arabia** is up 150,000 tons to a record 1.5 million based on stronger than expected purchases.
- **Romania, Syria, and Turkey** are up based on increased exports from Egypt.